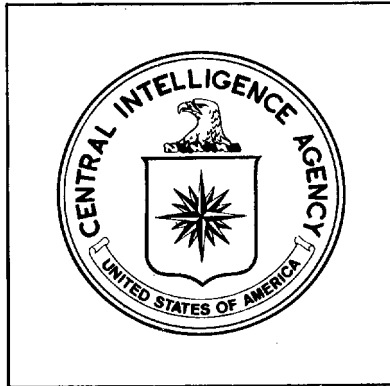


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International Narcotics

STAFF NOTES

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**Late Item*

This publication is prepared by analysts in the Directorate of Intelligence for specialists in the Washington community who are interested in international narcotics matters. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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GOLDEN TRIANGLE: Depressed Market Continues

The narcotics market in the Golden Triangle has remained depressed through the first quarter of 1977. Reported shipments of raw opium and pitzu (impure morphine base), in terms of opium equivalents, totaled only 8 tons during the first three months of 1977 compared with 72 tons during the same period of 1976.

Narcotics prices also continued to decline in most areas of the Golden Triangle through March as stocks continued to accumulate. The largest stockpile of narcotics appears to be in the possession of the Shan United Army (SUA), which is reportedly holding over 3 tons of raw opium, 500 kilograms of pitzu and an unknown quantity of No. 4 heroin in the border area. These stocks have probably been augmented by the arrival during April of a SUA caravan transporting 7 tons of raw opium and/or pitzu.

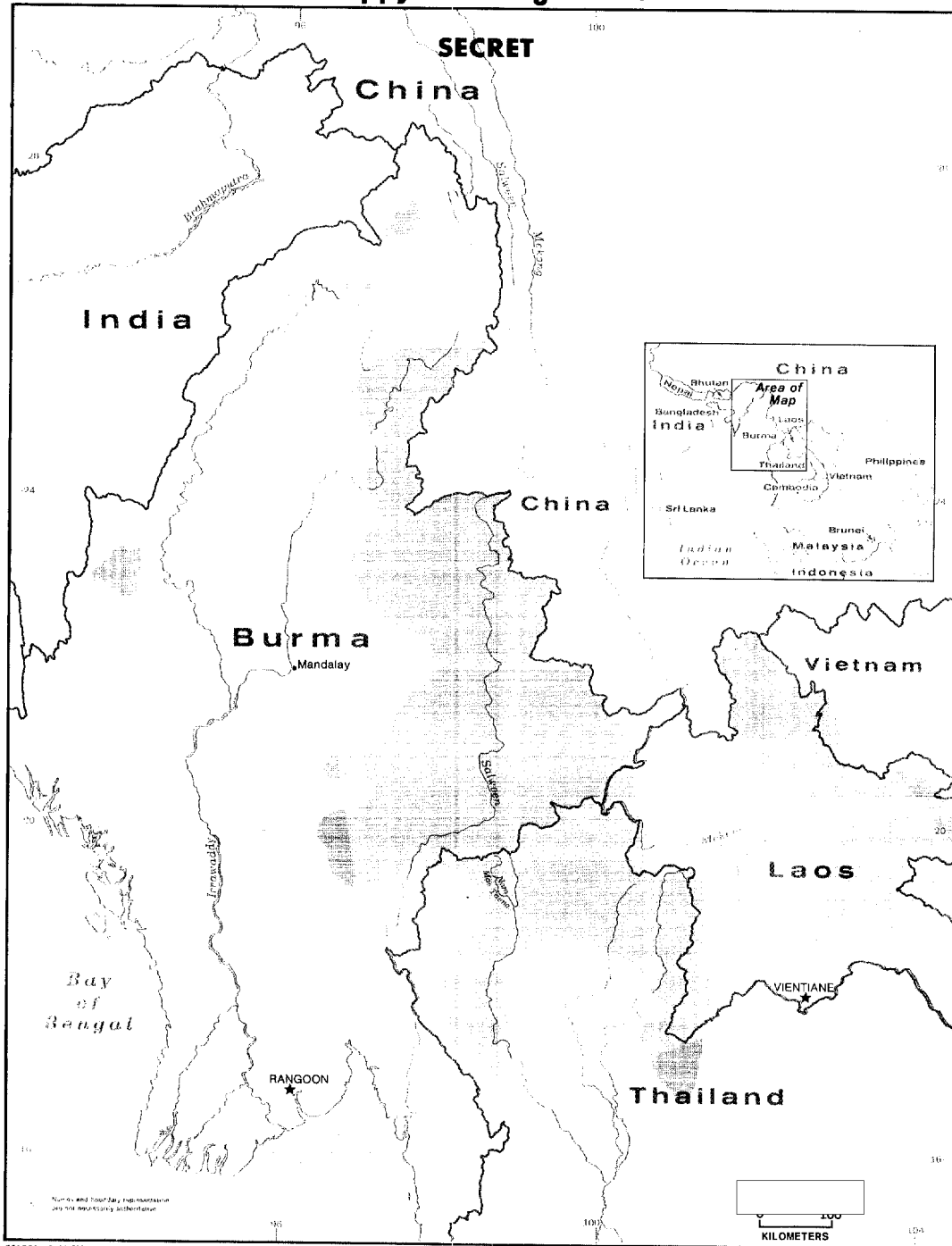
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GOLDEN TRIANGLE: Poppy Growing Areas



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LAOS: Attitude Toward International Narcotics Control

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Although international pressures and the desire for foreign economic aid will encourage Lao leaders to take a public stand against narcotics smuggling, they appear to view opium as a valid object of international trade. Lao opium production is relatively small scale; rather than making a strong effort to suppress it, the regime is apparently attempting to establish a pharmaceutical industry, to legitimize and exploit it.

Publicly, Laos is committed to eliminating opium production. The regime has banned private transportation of opium, closed large opium dens in Vientiane, and initiated rehabilitation programs for addicts. There are practical difficulties in controlling production, however

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Much of the opium is grown by hill tribes who resist government authority and would be further antagonized by efforts to eliminate their most valuable crop. Production is not apt to be cut sharply in the near future.

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Laos is attempting to obtain Czech, Hungarian, and Bulgarian aid to create a pharmaceutical industry which would make use of its opium production. Lao leaders probably see this as a legitimate means of dealing with their opium problem.

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Unless the approval of the International Narcotics Control Board can be obtained, however, the production of opium-based drugs in Laos or the shipment of raw opium to Eastern Europe would be in violation of the 1961 Single Convention on Narcotic Drugs.

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ECUADOR: Cocaine Trafficking Routes and Methods

Increasing volumes of cocaine base* are moving from Ecuador to Colombia. A substantial amount of the drug is still converted to cocaine hydrochloride in Ecuador, especially in Guayaquil, but this is becoming less common as Colombia's dominance in cocaine manufacturing grows.

Ecuador's strategic location and lax customs controls make it a principal transit country for cocaine base moving to Colombia for final refining. The drug passes through Ecuador via land, sea, and air routes. Most of the base material originates in Peru although sizable amounts also come from Bolivia. Little of the drug exiting Ecuador is prepared from coca grown there.

Cocaine base is smuggled into Ecuador in many ways. Some traffickers in El Oro and Loja provinces conceal cocaine base in shipments of agricultural products brought across the border by horse or 4-wheel drive vehicles. Public transport is often used. Up to 25 kilograms have been concealed in air-conditioning units on buses of the "Turismo Expreso Pullman, S.A." company that move between Lima, Peru, and Quito, Ecuador. The couriers are generally Colombians who work as drivers on short-term contracts, and company officials may not be aware that their buses transport drugs. Cocaine base also enters via the numerous rivers flowing between Peru and Ecuador and on both commercial and private airplanes. Much of the drug enters Ecuador through official ports-of-entry, including the major seaport of Guayaquil, [redacted]

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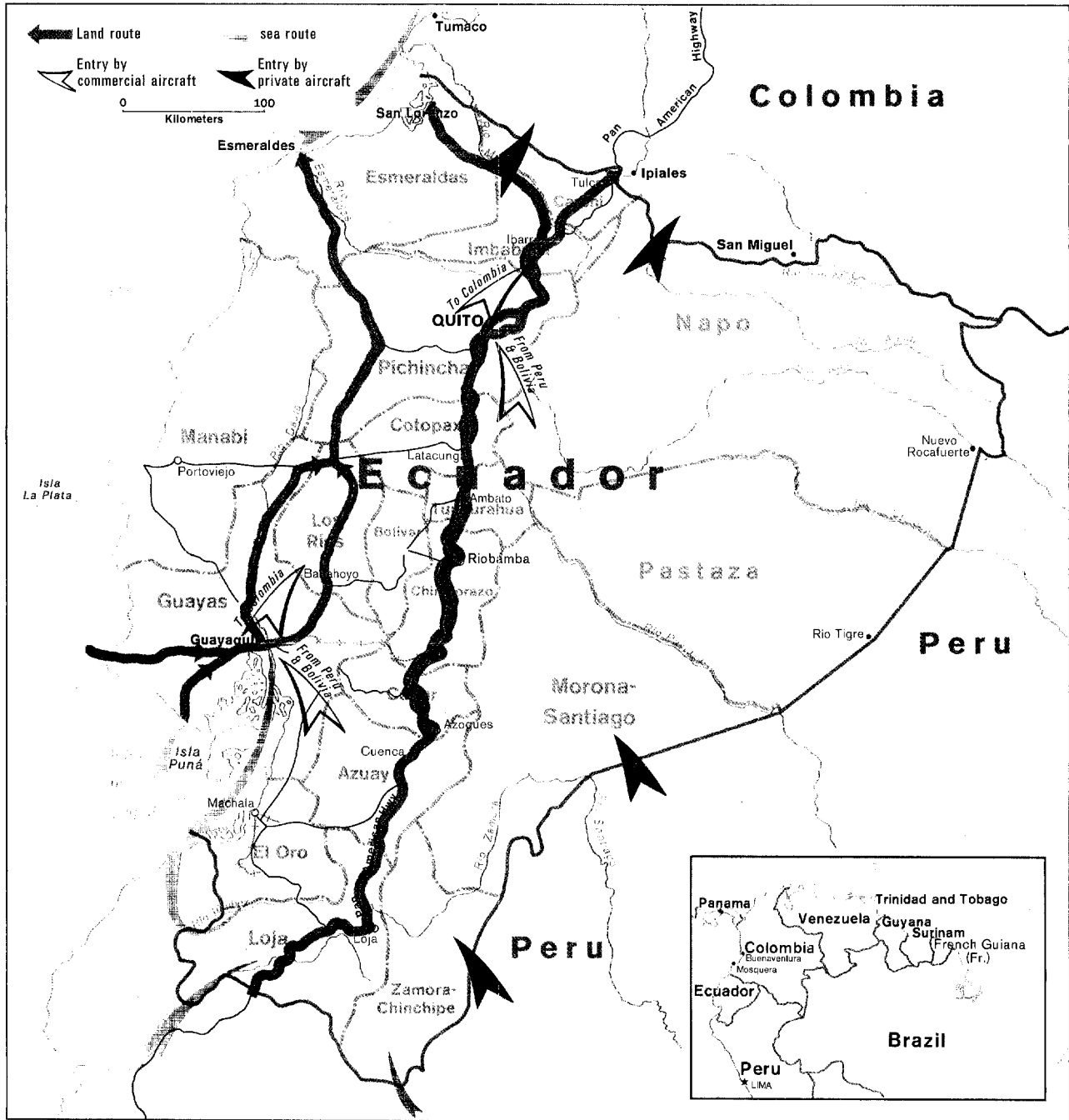
**Cocaine base, an intermediate product in the coca leaf to cocaine hydrochloride refining process, is also called "cocaine sulfate" by traffickers. While the terms are used interchangeably, the base material is a sulfate only when sulfuric acid is used in the purifying and bulk reducing stage.*

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Cocaine Smuggling Routes



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Once in Ecuador the cocaine base is moved overland by both road and rail. The most frequently used route is the Pan-American highway, which runs between Carchi Province on the Colombian border and Loja Province on the Peruvian border. The drug is also concealed on trains of the railroad that parallels much of the Pan-American highway before terminating in San Lorenzo, Esmeraldas Province, on the northern border.

25X1 Guayas Province is still the center of cocaine base smuggling in Ecuador, but the port of Esmeraldas is becoming an important point from which the drug is dispatched to Colombia. Several major Guayaquil-based traffickers, [redacted] now use the Esmeraldas route. Small launches rented from fishermen and farmers are used to transport the drug to minor Colombian ports such as Tumaco, Mosquera, and to Buenaventura. [redacted]

25X6 Large amounts of cocaine base are transported into Colombia from Ecuador in stolen cars. [redacted]

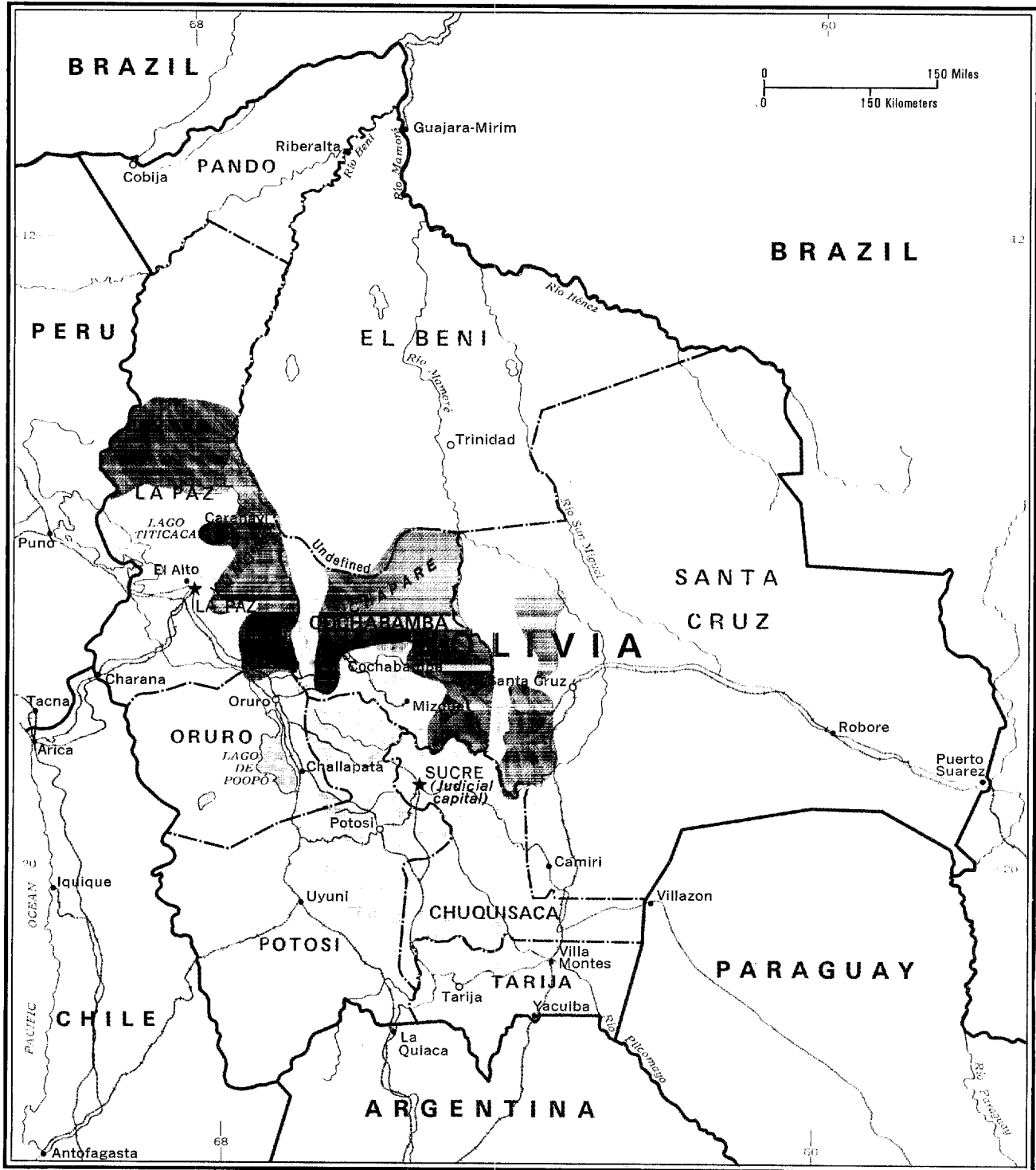
25X6 [redacted] ipiales and San Miguel are the most popular land entry points in Colombia. Increased use of private aircraft to move the drug to Colombia has been noted recently.

25X1 Buyers for the trafficking organizations maintain contact with suppliers to ensure rapid access to the drug when needed. Purchasing agents generally have legitimate business ties which give them plausible reason to travel frequently to supply areas. Dealers in cocaine base realize a substantial profit without the trouble or risk of refining the drug. In Peru or in Ecuador near the Peru-Ecuador border, cocaine base cost about US\$800 per kilogram in early 1977. Sold in northern Ecuador or in Colombia, the same amount brought an average price of US\$1,400. More recent transactions indicate rising prices. [redacted]

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BOLIVIA: Major Cocaine Producing Areas



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BOLIVIA: Continuing Interest in Drug Control

Senior Bolivian authorities recently held meetings with campesino leaders to describe further the government's embryonic coca crop substitution program. When the program was first outlined last year, it was met with voiced opposition by groups of campesinos who feared the loss of their traditional and lucrative crop. [redacted]

[redacted] despite La Paz' gradual efforts to implement a new agricultural diversification plan, campesinos are still suspicious and may begin mounting additional resistance against the government.

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Coca has been an integral part of the cultural and economic life of Bolivia for hundreds of years. It is ideally suited to the harsh terrain of the country. The plant requires virtually no cultivation and can be harvested up to four times a year.

The Yungas and Chapare regions are the principal sources of Bolivian coca as well as the illicit extract, cocaine. Wholesalers and drug traffickers receive most of the profits from coca production and cocaine manufacture. The campesinos, however, are financially dependent on their earnings from the crop. [redacted]

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[redacted] at least 70 percent of the approximately 20,000 farmers in the Yungas and Chapare regions are coca producers. Their coca crops reportedly account for over half of the total farm income in the two areas.

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Elaborating on some of the obstacles facing the crop substitution program, Bolivia's Minister of Interior Juan Pereda stated that without price guarantees and international market stability for proposed substitutes such as coffee and bananas, the government's agricultural plan was likely to fail. The resultant alienation and loss of political support from the campesinos, in turn, could adversely affect governmental stability.

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In spite of potential political and economic repercussions, La Paz is pressing ahead with a number of pilot projects. These projects, which are largely supported by financial and technical assistance from the US, entail the planting and harvesting of several experimental crops, the establishment of an agricultural commodities industry (such as canneries), and the successful marketing of finished products. The Bolivian government is motivated in part by the prospects of receiving as much as \$45 million worth of agricultural assistance from the US. At the same time, however, an increasing number of officials are aware of Bolivia's growing indigenous drug abuse problem.

Although the majority of Bolivian cocaine still goes to the US, other drugs, such as amphetamines, barbiturates, and tranquilizers, are abused by the country's adult population. Colonel Ovidio Aparicio, director of Bolivia's Department of Narcotics and Dangerous Substances (DNSP), announced that Bolivian traffickers now are seeking to sell drugs to school children in order to establish a viable, local market.

Perhaps one of the most pressing needs for effective drug control in Bolivia, as well as other cocaine trafficking countries in South America, is convincing those countries that the problem of narcotics is not one for the US to attempt to solve alone. Producer and consumer countries alike have to share responsibilities, working together to control the drugs that can have deleterious effects on their societies.

It is encouraging that Bolivia, one of the two principal suppliers of cocaine on the international market, appears to be seriously pursuing a coca crop substitution program. Furthermore, it is a positive sign that Bolivians have begun to recognize their own abuse problem.

It will not be an easy task to curtail coca production or the widespread trafficking of cocaine. And it remains to be seen to what extent campesino groups, and indeed trafficking organizations

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themselves, will resist the government's efforts. It will take nothing short of altering the centuries old socio-economic patterns of the country's campesino Indian population for Bolivia to begin to be able to exercise meaningful drug control. At least for the moment, however, the government seems interested in doing just that.



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Late Item

GOLDEN TRIANGLE: Gearing Up for Heroin Production?

The extended lull in the Golden Triangle narcotics market may be about over. Large-scale purchases of raw opium and pitzu (impure morphine base) by refiners and major international traffickers during the month of April may signal the beginning of a new heroin production season.

Since the beginning of April, 12 tons of raw opium and 3 tons of pitzu have been purchased from sources within Burma and shipped to the Thai border area. At least 5 tons of raw opium and 500 kilograms of the pitzu may already have been converted into heroin. Most of the remaining imports in April have been placed in temporary storage under the control of the Shan United Army (SUA). These imports raise total stocks of narcotics in the border area to at least 25 tons of raw opium and 3 tons of pitzu--representing over 3 tons of heroin equivalent.

The heavy emphasis on pitzu conversion appears to be designed to lessen the risk of seizure by reducing volume. The fact that major international traffickers hold title to most of these narcotics suggests that large-scale heroin production may soon be resumed in the Thai-Burma border area after a lull of several months and that we may soon face a substantial increase in trafficking activity.

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NATIONAL ASSESSMENT

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NETHERLANDS

Significance: Narcotics are not produced in any significant amount in the Netherlands, but Amsterdam is one of the major transit points for the illegal narcotics traffic in Western Europe. An estimated 80 percent of the heroin seized in West Germany--where there is a strong demand from US troops as well as the German population--came through the Netherlands, and virtually all of the heroin seized in transit in Western Europe last year was destined for Amsterdam.

Most of the heroin in the Netherlands comes from Southeast Asia. The amount involved has apparently increased at a phenomenal rate since 1971 when only 50 grams were uncovered by Dutch police. Last year the amount seized had jumped to 169.5 kilograms and, according to some estimates, this represents as little as 5 percent of the total volume circulating in the country. Most of the heroin is already fairly pure--primarily number three, but some number four--when it arrives; and there is no evidence of heroin laboratories or processing facilities in the vicinity of Amsterdam.

The trafficking pattern for heroin has remained largely unchanged during the past few years. Large amounts are obtained in Southeast Asia--usually Thailand--by Thais, Malaysians, Singaporeans, Hong Kong Chinese and others who use commercial air transportation to Europe and travel by car or rail to the Netherlands. There have also been some efforts to ship heroin directly into the country. The Netherlands could become a major transshipment point to the US if Mexican opium production were drastically curtailed. So far, however, there is no evidence of an established connection.

There is no registration system for narcotics users in the Netherlands, and no reliable figures are available, but Dutch authorities estimate that there are 8,000 to 12,000 daily users of heroin of whom 3,000 to 5,000 are in Amsterdam. The government believes that the number

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is increasing. The "risk group" is between the ages of 15 and 25--especially between 20 and 24--but there is also a noticeable increase in the number of addicts between the ages of 12 and 13. There is no official treatment program, although provincial and private institutions receive government support. An estimated 50 percent of the daily users of heroin or opiates are untreated.

Consumption of cannabis and cocaine is also rising, although the latter's high price tends to limit its use to the wealthier ranks of society. Cannabis is not considered a problem except when used with other drugs, or when it impairs the driving ability of users.

There is no big demand for psychotropic drugs, but amphetamine usage is significant in some areas, primarily where there are large concentrations of students. Recently a number of amphetamine labs were uncovered, but the bulk of their output was destined for the Scandinavian market.

Problem:

During the past few years, the government has become increasingly concerned over the central position Amsterdam plays in the illicit narcotics market of Europe. Since 1972 the Dutch have taken a series of steps to deal with the problem:

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--In 1973 DEA assistance was accepted.

--In 1974 a DEA office was established in The Hague.

--In 1975 a national narcotics law enforcement unit was created.

--In 1976 stricter legislation against narcotics trafficking was passed, police narcotics squads were reinforced, and a narcotics attache was posted in Bangkok.

The Netherlands signed the 1961 single convention on narcotics, but so far has not become a party to the

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two other major international conventions.

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In addition to its domestic efforts to curb narcotics trafficking, the Dutch government participates in meetings of the UN narcotic drugs committee, contributes (nominally) to the UN Fund for Drug Abuse Control, works through Interpol and the Customs Cooperation Council, takes part in the so-called "Pompidou Initiative," and has had tri-partite meetings with the US and Canada.

The Dutch government also cooperates with a German narcotics advisory committee and permits German and DEA participation in a similar Dutch committee; works closely with DEA; cooperates with and allows the stationing in the Netherlands of members of the US 42nd Military Police Detachment; exchange visits with the US and other countries; accepts DEA and customs training; and is now trying to persuade other European countries to assign narcotics attaches to Bangkok.

Last summer, legislation was passed reducing the penalties for the possession and consumption of narcotics, but substantially increasing the penalties for trafficking in hard drugs. Users are not imprisoned in the Netherlands, although the new law which went into effect last fall provides short sentences in order to give officials a chance to persuade them to seek treatment.

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Prospects: Dutch backing for the UN Fund for Drug Abuse Control is tepid and reflects opposition within the Public Health Ministry

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to perceived excessive concentration of the fund on law enforcement at the expense of fostering programs to reduce demand. The Dutch government has furthermore stated its intention to seek amendment of the UN single convention to allow states to legalize cannabis. The

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government is probably motivated, at least in part, by the domestic political need to satisfy left-wing members of parliament as the country approaches a general election in May, but it is also speaking for the majority of the population which apparently does not consider cannabis a problem.

The Netherlands has become a major transit country for four basic reasons:

- Narcotics laws have been relatively lax. Until last fall the maximum penalty for trafficking in hard drugs was four years and even serious offenders could count on serving only half of that.
- There is easy access from other countries, particularly from Belgium where narcotics laws are even less restrictive.
- It is a convenient seaboard location for distributing narcotics to the rest of Europe.
- Large numbers of Chinese immigrants from the former Dutch East Indies have settled in the Netherlands and brought over relatives from Hong Kong, Singapore, and Malaysia; the narcotics traffic in the Netherlands is almost entirely in the hands of Chinese ethnics.

Recently the Dutch police in a new approach to the problem have deported over 200 illegal Chinese immigrants.

The new laws raising the maximum penalty for trafficking in hard drugs to eight years imprisonment have brought Dutch law more in line with many other European countries.

The Netherlands has gained experience during the past years in fighting narcotics trafficking and has

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benefited from working together with US and German experts in the field. The Dutch now have a record of accomplishment to point to and a potential for regional leadership, and there are some indications that other European countries may be willing to follow their lead.



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BRIEFS

JAMAICA: Jamaica's minister of national security and justice has agreed to a joint air and ground survey of the island in order to calculate more precisely current production levels of marijuana. Unlike other islands in the Caribbean, which serve primarily as transit points for drug smuggling, Jamaica has become a significant source of marijuana. Production there could be increased to take up any slack should the traditional sources of supply--Mexico and Colombia--be reduced through crop eradication and interdiction efforts. The minister's willingness to cooperate at this juncture is significant because it will enable local officials to monitor more effectively future increases in marijuana cultivation and facilitate law enforcement programs.

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YUGOSLAVIA: Small quantities of "Iranian" poppy are being grown on a trial basis by the alkaloid enterprise in Tikves, according to the Yugoslav press. These poppies are said to contain a higher amount of morphine than local Macedonian varieties. Yugoslav agricultural experts believe this strain of opium poppy can also be grown in the Skopje and Pelagonija regions. According to the press, Yugoslavian agricultural experts are currently working on a strain of opium poppy that will have a more even growth which will permit harvesting by machine.

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[REDACTED] (Nova Makedonija, April 13, 1977)

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